

**CITY OF BUNNELL, FLORIDA  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**CITY COMMISSION**

*Catherine D. Robinson, Mayor  
John R. Rogers, Vice Mayor  
Tonya Gordon  
Robert Barnes  
Tina-Marie Schultz*

**CITY MANAGER**

*Dr. Alvin B. Jackson, Jr.*

**FINANCE DIRECTOR**

*Shanea Stankiewicz*

Prepared by:  
City of Bunnell Finance Department

**CITY OF BUNNELL, FLORIDA  
TABLE OF CONTENTS  
SEPTEMBER 30, 2021**

**Financial Section**

Independent Auditors' Report.....	1 – 2
Management's Discussion and Analysis.....	3 – 11
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	12
Statement of Activities.....	13
Fund Financial Statements	
Balance Sheet—Governmental Funds .....	14
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	15
Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds .....	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund .....	18
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Community Redevelopment Agency .....	19
Statement of Net Position – Proprietary Funds .....	20
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	21
Statement of Cash Flows – Proprietary Funds .....	22
Notes to Financial Statements .....	23 – 43
Required Supplementary Information	
Schedule of Proportionate Share of Net Pension Liability – FRS/HIS .....	44
Schedule of Contributions – FRS/HIS .....	45
Schedule of Changes in Total OPEB Liability and Related Ratios.....	46

**Other Reports**

Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with <i>Government Auditing Standards</i> .....	47 – 48
Schedule of Expenditures of State Financial Assistance.....	49
Notes to Schedule of Expenditures of State Financial Assistance .....	50
Schedule of Findings and Questioned Costs .....	51
Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control Over Compliance Required by Chapter 10.650, Rules of the Auditor General .....	52 – 53
Independent Auditors' Management Letter Required by Chapter 10.550, Rules of the State of Florida Office of the Auditor General .....	54 – 56
Independent Accountants' Examination Report .....	57

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Commission, and City Manager,  
City of Bunnell, Florida:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Bunnell, Florida, (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparison for the general and community redevelopment agency funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

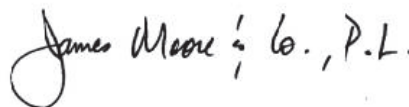
### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by Section 215.97, Florida Statutes, *Florida Single Audit Act*, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Daytona Beach, Florida  
March 22, 2022

City of Bunnell, Florida  
Management's Discussion and Analysis  
For the Year Ended September 30, 2021

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As management of the City of Bunnell, we offer readers of the City of Bunnell's financial statements this narrative overview and analysis of the financial activities of the City of Bunnell for the fiscal year ended September 30, 2021.

**Financial Highlights**

- The assets and deferred outflows of the City of Bunnell exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$25,147,182 (net position). Of this amount, \$5,056,623 may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Bunnell's governmental funds reported combined ending fund balances of \$2,754,463, an increase of \$526,521. The unassigned General Fund balance available for spending at the City's discretion is \$2,148,658.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Bunnell's basic financial statements. The City of Bunnell's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements** – The government-wide financial statements are designed to provide readers with a broad overview of the City of Bunnell's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes, licenses and permits, and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, parks and recreation, human services and community development. The business-type activities of the City include water, sewer and solid waste services.

**Fund Financial Statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Bunnell, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a City's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Bunnell maintains four major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the CRA Fund, Impact Fees Fund and the Debt Service Fund.

The City of Bunnell adopts annual appropriated budgets for the General Fund and CRA fund. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

**Proprietary Funds** – The City of Bunnell maintains three proprietary funds. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Bunnell uses enterprise funds to account for its water, sewer and solid waste activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information of the water, sewer, and solid waste activities, all of which are considered to be major funds of the City of Bunnell.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Bunnell's schedule of proportionate share of net pension liability for the Florida Retirement System (FRS), the schedule of contributions to FRS, and the schedule of changes in total other post-employment benefits (OPEB) liability and related ratios.

**Government-Wide Financial Analysis** – As noted earlier, net position may serve over time as a useful indicator of a City's financial position. In the case of the City of Bunnell, net position at the close of the most recent fiscal year is \$25,147,182.

The largest portion of the City of Bunnell's net position \$16,685,258 (66.4%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, equipment); less any related debt used to acquire those assets that is still outstanding. The City of Bunnell uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Bunnell's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this

City of Bunnell, Florida  
Management's Discussion and Analysis  
For the Year Ended September 30, 2021

debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, \$3,405,301 (13.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$5,056,623 (20.1%) may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City can report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Total net position increased by \$2,798,281 primarily due to the acquisition of capital/completion of capital improvements as well as the accumulation of impact fees which are restricted and needed to fund future year capital projects.

**CITY OF BUNNELL'S NET POSITION**  
**September 30,**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Current and Other Assets	\$ 3,031,267	\$ 2,945,756	\$ 9,301,892	\$ 8,029,166	\$ 12,333,159	\$ 10,974,922
Capital Assets	4,044,875	3,836,671	18,617,539	18,063,824	22,662,414	21,900,495
Total Assets	<u>7,076,142</u>	<u>6,782,427</u>	<u>27,919,431</u>	<u>26,092,990</u>	<u>34,995,573</u>	<u>32,875,417</u>
Total Deferred Outflows	<u>1,084,513</u>	<u>1,532,125</u>	<u>294,315</u>	<u>353,566</u>	<u>1,378,828</u>	<u>1,885,691</u>
Long-term Liabilities	1,837,678	4,399,999	5,546,237	6,202,718	7,383,915	10,602,717
Other Liabilities	347,733	541,955	879,193	905,833	1,226,926	1,447,788
Total Liabilities	<u>2,185,411</u>	<u>4,941,954</u>	<u>6,425,430</u>	<u>7,108,551</u>	<u>8,610,841</u>	<u>12,050,505</u>
Total Deferred Inflows	<u>2,053,055</u>	<u>290,997</u>	<u>563,323</u>	<u>70,705</u>	<u>2,616,378</u>	<u>361,702</u>
Net Investment in Capital Assets	3,550,960	3,290,967	13,134,298	12,463,039	16,685,258	15,754,006
Restricted	224,310	3,632	3,180,991	2,677,974	3,405,301	2,681,606
Unrestricted	146,919	(212,998)	4,909,704	4,126,287	5,056,623	3,913,289
Total Net Position	<u>\$ 3,922,189</u>	<u>\$ 3,081,601</u>	<u>\$ 21,224,993</u>	<u>\$ 19,267,300</u>	<u>\$ 25,147,182</u>	<u>\$ 22,348,901</u>

Fiscal year 2021 governmental activities increased the City's net position by \$840,588, to \$3,922,189. Revenues increased by \$497,899 compared to fiscal year 2020, primarily because of a \$152,708 increase in property taxes related to new development, a \$181,398 increase in charges for services mainly due to a revised schedule of building permit and development related fees and \$220,474 collected for newly implemented transportation, parks & recreation and law enforcement impact fees. The governmental activities expenses were decreased by \$219,845 with the major contributing factor being a decrease to the pension expense.

Business-Type Activities increased by \$1,957,693. Charges for services increased \$714,479 due to a 12% increase in water and sewer rates needed to fund the utility's 10-year capital master plan. Business-Type Expenses remained similar to prior year expenses.

City of Bunnell, Florida  
Management's Discussion and Analysis  
For the Year Ended September 30, 2021

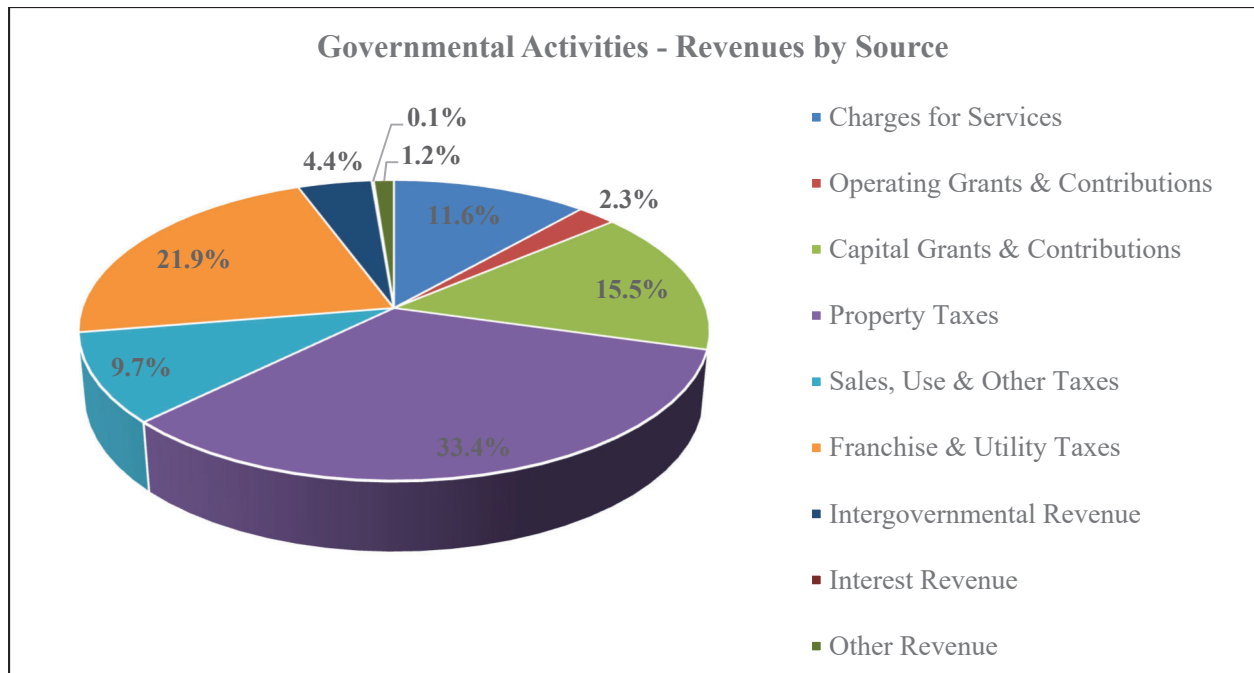
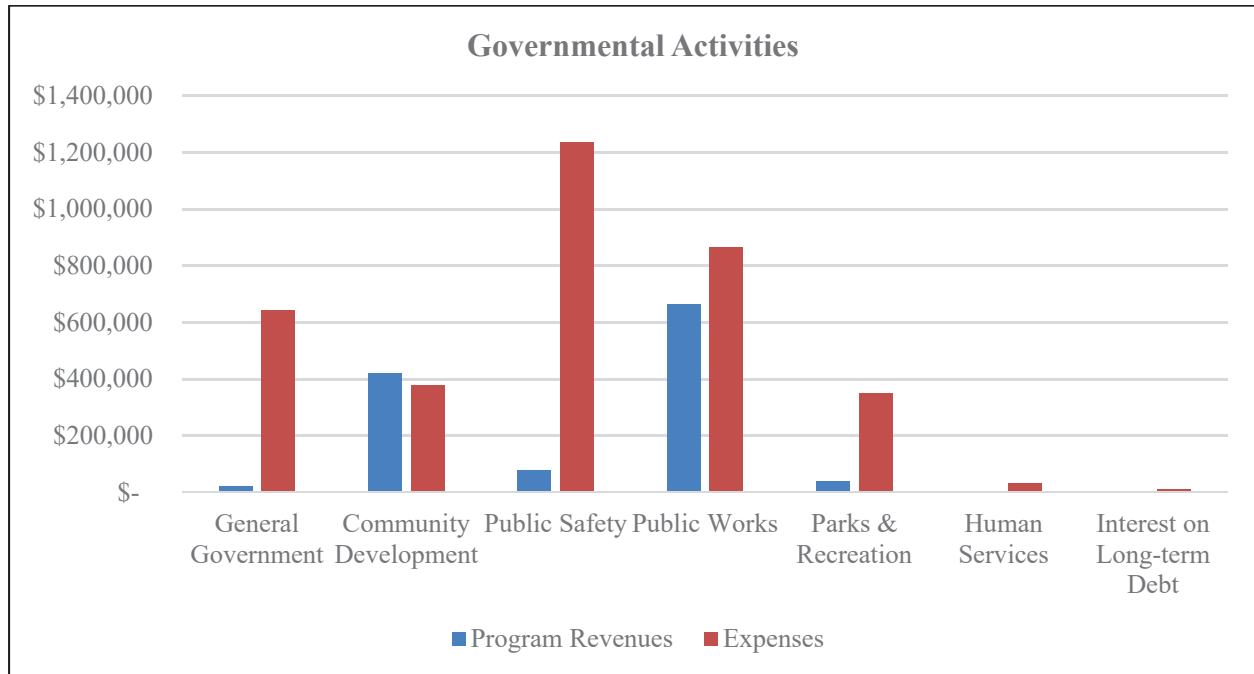
**CITY OF BUNNELL'S CHANGE IN NET POSITION**  
**September 30,**

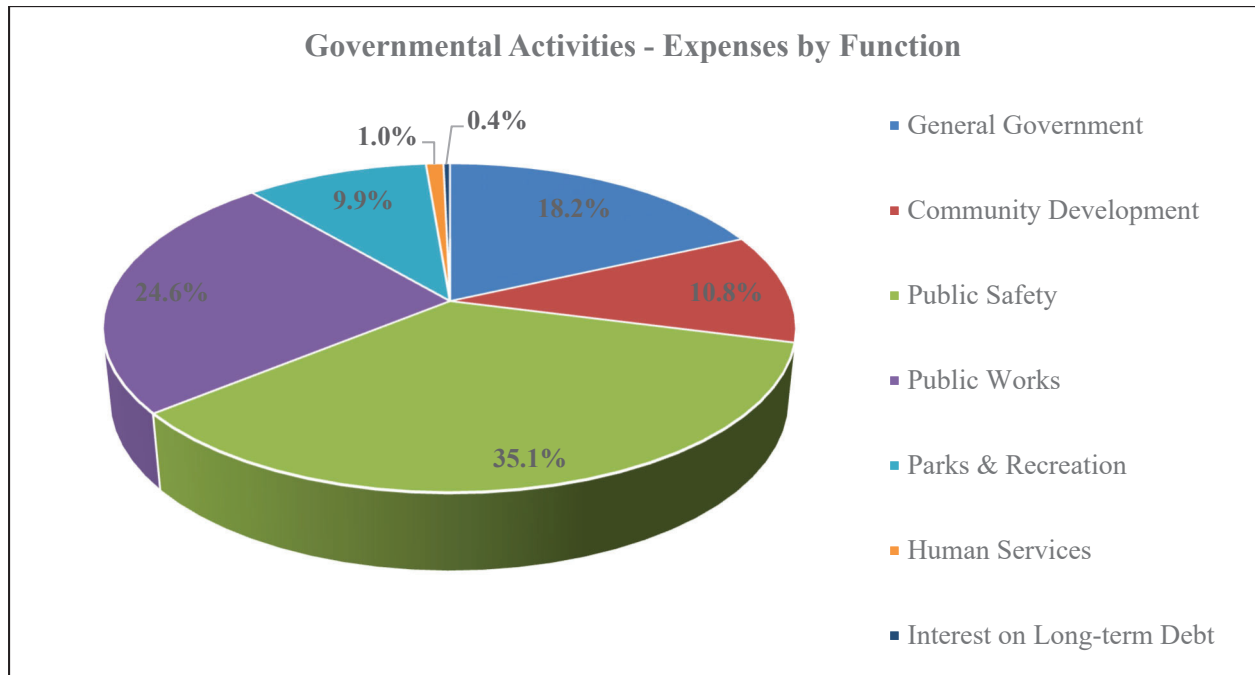
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Revenues:						
Program Revenues:						
Charges for Services	\$ 482,365	\$ 300,967	\$ 4,571,361	\$ 3,856,882	\$ 5,053,726	\$ 4,157,849
Operating Grants & Contributions	96,510	401,251	34	3,347	96,544	404,598
Capital Grants & Contributions	645,692	381,417	1,302,851	2,315,973	1,948,543	2,697,390
General Revenues:						
Property Taxes	1,389,948	1,237,240	-	-	1,389,948	1,237,240
Sales & Use Taxes	403,022	327,538	-	-	403,022	327,538
Franchise & Utility Taxes	912,454	820,826	-	-	912,454	820,826
Intergovernmental Revenue	181,805	175,654	-	-	181,805	175,654
Interest Revenue	5,113	1,629	13,718	14,009	18,831	15,638
Other	49,753	51,672	104,092	90,319	153,845	141,991
Total Revenues	<u>4,166,662</u>	<u>3,698,194</u>	<u>5,992,056</u>	<u>6,280,530</u>	<u>10,158,718</u>	<u>9,978,724</u>
Expenses:						
General Government	642,272	719,579	-	-	642,272	719,579
Community Development	380,360	330,612	-	-	380,360	330,612
Public Safety	1,238,392	1,455,806	-	-	1,238,392	1,455,806
Public Works	867,101	867,367	-	-	867,101	867,367
Parks & Recreation	350,660	332,184	-	-	350,660	332,184
Human Services	33,571	20,993	-	-	33,571	20,993
Interest on Long-term Debt	12,520	18,180	-	-	12,520	18,180
Water	-	-	1,437,902	1,475,552	1,437,902	1,475,552
Sewer	-	-	1,645,689	1,703,797	1,645,689	1,703,797
Solid Waste	-	-	751,970	698,226	751,970	698,226
Total Expenses	<u>3,524,876</u>	<u>3,744,721</u>	<u>3,835,561</u>	<u>3,877,575</u>	<u>7,360,437</u>	<u>7,622,296</u>
Increase (Decrease) in Net Position Before Transfers	641,786	(46,527)	2,156,495	2,402,955	2,798,281	2,356,428
Transfers In (Out)	198,802	169,371	(198,802)	(169,371)	-	-
Increase (Decrease) in Net Position	840,588	122,844	1,957,693	2,233,584	2,798,281	2,356,428
Net Position, Beginning	3,081,601	2,958,757	19,267,300	17,033,716	22,348,901	19,992,473
Net Position, Ending	<u>\$ 3,922,189</u>	<u>\$ 3,081,601</u>	<u>\$ 21,224,993</u>	<u>\$ 19,267,300</u>	<u>\$ 25,147,182</u>	<u>\$ 22,348,901</u>



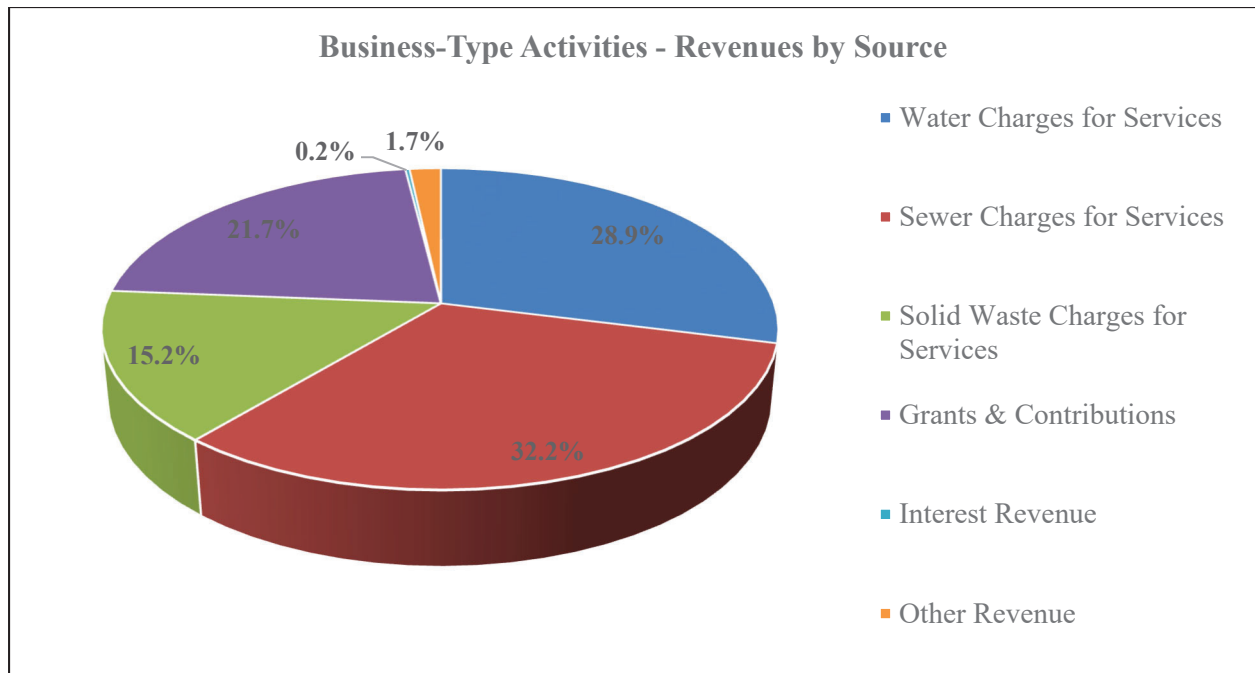
City of Bunnell, Florida  
Management's Discussion and Analysis  
For the Year Ended September 30, 2021

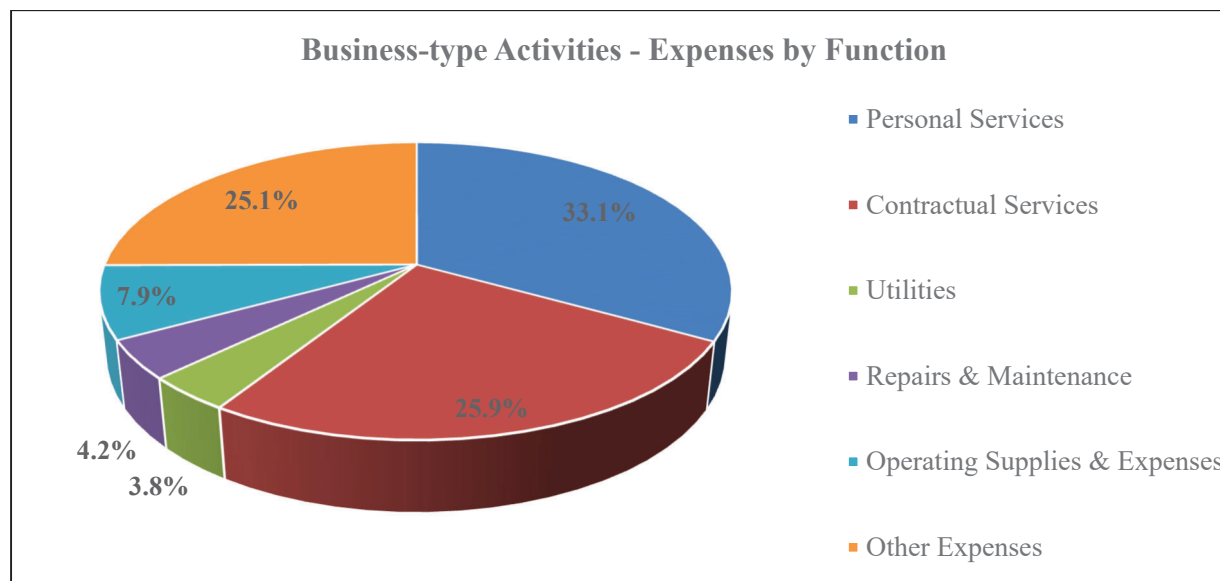
**Governmental Activities** – Governmental activities increased the City of Bunnell's net position by \$840,588.





**Business-type Activities** – Business-type activities increased the City of Bunnell's net position by \$1,957,693.





**Financial Analysis of the City's Funds** – As noted earlier, the City of Bunnell uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. During fiscal year 2016, the City adopted a Cash and Investment Equity Reserve Policy. The policy sets the desired unrestricted net equity of 54 days or 14.8% of the annual budget for the major operating funds. As of September 30, 2021, the City's General Fund, Water Fund, Sewer Fund and Solid Waste Fund all had unrestricted net equity reserves greater than the required level established in the policy.

**Governmental Funds** – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Bunnell's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year. As of September 30, 2021, unassigned fund balances were \$2,148,658, an increase of \$290,477 in comparison with the prior year. This amount constitutes unassigned General Fund balance, which is available for spending at the City's discretion.

The General Fund is the main operating fund of the City. At the end of fiscal year 2021, the General Fund had a total fund balance of \$2,530,153, an increase of \$305,843. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General Fund has been included. The budget and actual comparison schedule shows the original budget, the final revised budget, actual results and the variance with the final budget.

After the original budget is adopted, it may be amended for a variety of reasons such as unforeseen circumstances, new grant awards, revised estimates, receipt of donations, etc. During fiscal year 2021, the General Fund budget was increased by \$413,064 or 6.6% which included an increase of permitting revenue due to an increase to the fee schedule which was used to hire temporary staffing, rollover of prior year fund balance to complete unfinished projects from the prior year, insurance proceeds, cash donations for the Police Department and proceeds from the sale of several old vehicles.

Actual General Fund revenues plus other financing sources totaled \$4,994,500 which is \$517,822 or 11.6%

more than the final budget primarily due to receipt of CARES Act funding to reimburse first responder salaries and increased fees for permitting. Actual expenditures were \$4,688,657, which is \$295,934 or 5.9% less than the final budget due to vacancies of positions throughout the year and budgeted capital expenditures that were not completed during the year.

The Community Redevelopment Agency had an increase of \$7, which brings the fund balance to \$3,639.

**Proprietary Funds** – The City of Bunnell's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position of the Water Fund at the end of the year was \$2,110,461, which is a \$314,979 increase in unrestricted net position.

The unrestricted net position of the Sewer Fund was \$2,137,938, which is a \$342,486 increase in unrestricted net position.

The Solid Waste Fund showed an overall increase in unrestricted net position of \$125,952 making the unrestricted net position \$661,305 at year end.

### **Capital Assets and Debt Administration**

**Capital Assets** – The City of Bunnell's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounts to \$22,662,414 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, infrastructure and construction in progress. The total change in the City of Bunnell's investment in capital assets for the current fiscal year was a \$208,204 increase in net capital assets for governmental activities and a \$553,715 increase in net capital assets for business-type activities.

Major capital asset events during the current fiscal year included the following:

- Design of Waste Water Treatment Plant Expansion/Upgrade Project: \$997,955
- Westside Sewer Improvements – Phase 2: \$501,238
- Gravity System Renewal & Replacement: \$83,294
- Rehab of Well #4: \$55,419
- Public Works Maintenance Building Roof Replacement: \$49,800
- Palm Terrace Lift Station Rehab: \$41,859
- Curotto Can Purchase: \$35,900
- Tuthill Equalizer Blower: \$26,305
- RAS Pump: \$12,033
- Verisight Camera: \$9,957
- Kubota Mower: \$8,730
- Water Dual-Media Filtration: \$7,907
- North Peach Street Culvert Install: \$7,150
- Shinmaywa Submersible Pump: \$5,552
- Radar Speed Electronic Sign: \$5,495

**CITY OF BUNNELL'S CAPITAL ASSETS**  
(Net of Depreciation)

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Land	\$ 191,202	\$ 26,991	\$ 218,193
Construction in Progress	1,747	998,023	999,770
Buildings and Improvements	3,663,596	17,029,077	20,692,673
Equipment	188,330	563,448	751,778
Total	<u>\$ 4,044,875</u>	<u>\$ 18,617,539</u>	<u>\$ 22,662,414</u>

Additional information on the City of Bunnell's capital assets can be found in Note 6 in the notes to the financial statements.

**Long-Term Debt** – At the end of fiscal year 2021, the City of Bunnell had total debt outstanding of \$6,091,625.

**CITY OF BUNNELL'S OUTSTANDING DEBT**  
Long- and Short-Term Obligations

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Notes & Bonds Payable	\$ 493,915	\$ 5,483,241	\$ 5,977,156
Compensated Absences	71,566	42,903	114,469
Total	<u>\$ 565,481</u>	<u>\$ 5,526,144</u>	<u>\$ 6,091,625</u>

Additional information on the City's long-term debt can be found in Note 7 in the notes to the financial statements.

**Economic Factors and Next Year's Budgets and Rates**

- The City's taxable value of commercial and residential property increased by 12.6% for 2021.
- The property values and assessments have stabilized over the past couple of years and the city is experiencing new growth. The City expects this upward trend to continue over the next several years.
- The millage rate of 7.43 was approved in September 2021, an increase of one mil over 2020 and 23.26% above the roll back rate of 6.0281. The increase in millage is needed to plan, design and construct a new City Hall/Police Headquarters.
- In fiscal year 2014, the City's financial condition was considered unfavorable. Significant budget cuts were enacted. During fiscal year 2016, a fund balance reserve policy was established. At the end of the current fiscal year, the General Fund, Water Fund, Sewer Fund, and Solid Waste Fund unrestricted fund balances were in compliance with the policy.

**Requests for Information**

This report is designed to provide a general overview of the City's finances for those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Manager, P.O. Box 756, Bunnell, Florida 32110.

**CITY OF BUNNELL, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2021**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,534,446	\$ 4,768,489	\$ 7,302,935
Investments	38,828	606,054	644,882
Receivables, net	117,638	616,702	734,340
Due from other governments	107,558	-	107,558
Inventories	3,846	93,365	97,211
Prepays	8,280	-	8,280
Restricted assets:			
Cash and cash equivalents	220,671	3,217,282	3,437,953
Capital assets:			
Land	191,202	26,991	218,193
Buildings and improvements	6,964,315	24,144,888	31,109,203
Equipment	1,096,168	1,950,848	3,047,016
Construction in progress	1,747	998,023	999,770
Accumulated depreciation	(4,208,557)	(8,503,211)	(12,711,768)
Total assets	<u>7,076,142</u>	<u>27,919,431</u>	<u>34,995,573</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	1,074,741	290,447	1,365,188
Deferred outflows related to OPEB	9,772	3,868	13,640
Total deferred outflows	<u>1,084,513</u>	<u>294,315</u>	<u>1,378,828</u>
<b>LIABILITIES</b>			
Accounts payable	194,963	53,647	248,610
Accrued payroll and employee benefits	48,766	-	48,766
Customer deposits	1,089	425,570	426,659
Unearned revenue	31,986	3,100	35,086
Accrued interest payable	-	36,291	36,291
Noncurrent liabilities:			
Due within one year:			
Capital lease payable	-	24,897	24,897
Bonds and notes payable	53,038	324,963	378,001
Compensated absences	17,891	10,725	28,616
Due in more than one year:			
Bonds and notes payable	440,877	5,133,381	5,574,258
Compensated absences	53,675	32,178	85,853
Total OPEB liability	140,936	55,788	196,724
Net pension liability	1,202,190	324,890	1,527,080
Total liabilities	<u>2,185,411</u>	<u>6,425,430</u>	<u>8,610,841</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	1,985,446	536,562	2,522,008
Deferred inflows related to OPEB	67,609	26,761	94,370
Total deferred inflows	<u>2,053,055</u>	<u>563,323</u>	<u>2,616,378</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,550,960	13,134,298	16,685,258
Restricted for:			
Capital improvements	220,671	2,798,044	3,018,715
Debt service	-	382,947	382,947
Community redevelopment	3,639	-	3,639
Unrestricted	146,919	4,909,704	5,056,623
Total net position	<u>\$ 3,922,189</u>	<u>\$ 21,224,993</u>	<u>\$ 25,147,182</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF BUNNELL, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 642,272	\$ 21,797	\$ -	\$ -	\$ (620,475)	\$ -	\$ (620,475)
Community development	380,360	420,702	-	-	40,342	-	40,342
Public safety	1,238,392	32,722	6,002	38,873	(1,160,795)	-	(1,160,795)
Public works	867,101	-	90,508	573,085	(203,508)	-	(203,508)
Parks and recreation	350,660	7,144	-	33,734	(309,782)	-	(309,782)
Human services	33,571	-	-	-	(33,571)	-	(33,571)
Interest on long-term debt	12,520	-	-	-	(12,520)	-	(12,520)
Total governmental activities	3,524,876	482,365	96,510	645,692	(2,300,309)	-	(2,300,309)
Business-type activities:							
Water	1,437,902	1,734,172	15	205,920	-	502,205	502,205
Solid Waste	751,970	909,354	4	-	-	157,388	157,388
Sewer	1,645,689	1,927,835	15	1,096,931	-	1,379,092	1,379,092
Total business-type activities	3,835,561	4,571,361	34	1,302,851	-	2,038,685	2,038,685
Total primary government	\$ 7,360,437	\$ 5,053,726	\$ 96,544	\$ 1,948,543	(2,300,309)	2,038,685	(261,624)
General revenues:							
Property taxes					1,389,948	-	1,389,948
Sales and use taxes					298,512	-	298,512
Franchise fees					283,620	-	283,620
Public service utility taxes					628,834	-	628,834
Other taxes					104,510	-	104,510
State revenue sharing					100,197	-	100,197
Other intergovernmental revenues					81,608	-	81,608
Investment earnings					5,113	13,718	18,831
Miscellaneous revenues					49,753	104,092	153,845
Transfers					198,802	(198,802)	-
Total general revenues and transfers					3,140,897	(80,992)	3,059,905
Change in net position					840,588	1,957,693	2,798,281
Net position - beginning					3,081,601	19,267,300	22,348,901
Net position - ending					\$ 3,922,189	\$ 21,224,993	\$ 25,147,182

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF BUNNELL, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021**

	<b>General</b>	<b>Community Redevelopment Agency</b>	<b>Impact Fees</b>	<b>Debt Service</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,514,711	\$ 3,639	\$ 220,671	\$ 16,096	\$ 2,755,117
Investments	38,828	-	-	-	38,828
Receivables, net	117,638	-	-	-	117,638
Due from other governments	107,558	-	-	-	107,558
Inventories	3,846	-	-	-	3,846
Prepaid items	8,280	-	-	-	8,280
Total assets	<u>\$ 2,790,861</u>	<u>\$ 3,639</u>	<u>\$ 220,671</u>	<u>\$ 16,096</u>	<u>\$ 3,031,267</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 178,867	\$ -	\$ -	\$ 16,096	\$ 194,963
Accrued payroll and employee benefits	48,766	-	-	-	48,766
Customer deposits	1,089	-	-	-	1,089
Unearned revenue	31,986	-	-	-	31,986
Total liabilities	<u>260,708</u>	<u>-</u>	<u>-</u>	<u>16,096</u>	<u>276,804</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventories	3,846	-	-	-	3,846
Prepaid items	8,280	-	-	-	8,280
Restricted for:					
Community redevelopment	-	3,639	-	-	3,639
Capital improvements	-	-	220,671	-	220,671
Assigned to:					
Subsequent year's budget	369,369	-	-	-	369,369
Unassigned	<u>2,148,658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,148,658</u>
Total fund balances	<u>2,530,153</u>	<u>3,639</u>	<u>220,671</u>	<u>-</u>	<u>2,754,463</u>
Total liabilities and fund balances	<u>\$ 2,790,861</u>	<u>\$ 3,639</u>	<u>\$ 220,671</u>	<u>\$ 16,096</u>	<u>\$ 3,031,267</u>

The accompanying notes to financial statements are an integral part of this statement.



**CITY OF BUNNELL, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2021**

**Fund balances - total governmental funds** \$ 2,754,463

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

Total governmental capital assets	8,253,432	
Less: accumulated depreciation	<u>(4,208,557)</u>	4,044,875

On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.

Net pension liability	(1,202,190)	
Deferred outflows related to pensions	1,074,741	
Deferred inflows related to pensions	<u>(1,985,446)</u>	(2,112,895)

On the governmental fund statements, a total OPEB liability is not recorded unless an amount is due and payable (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's total OPEB liability is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to OPEB are also reported.

Total OPEB liability	(140,936)	
Deferred outflows related to OPEB	9,772	
Deferred inflows related to OPEB	<u>(67,609)</u>	(198,773)

Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities and other long-term liabilities consist of the following:

Bonds and notes payable	(493,915)	
Compensated absences	<u>(71,566)</u>	(565,481)

<b>Net position of governmental activities</b>	<u><u>\$ 3,922,189</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

**CITY OF BUNNELL, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	General	Community Redevelopment Agency	Impact Fees	Debt Service	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 2,547,537	\$ -	\$ -	\$ -	\$ 2,547,537
Licenses and permits	486,545	-	-	-	486,545
Intergovernmental	1,000,903	-	-	-	1,000,903
Charges for services	634,063	-	-	-	634,063
Fines and forfeitures	48,814	-	-	-	48,814
Impact fees	-	-	220,474	-	220,474
Investment gain (loss)	4,909	7	197	-	5,113
Miscellaneous	72,927	-	-	-	72,927
Total revenues	4,795,698	7	220,671	-	5,016,376
<b>EXPENDITURES</b>					
Current:					
General government	1,306,550	-	-	-	1,306,550
Community development	401,418	-	-	-	401,418
Public safety	1,349,050	-	-	-	1,349,050
Public works	741,555	-	-	-	741,555
Parks and recreation	309,856	-	-	-	309,856
Human services	33,571	-	-	-	33,571
Capital outlay	482,348	-	-	-	482,348
Debt service:					
Principal	-	-	-	51,789	51,789
Interest and fiscal charges	-	-	-	12,520	12,520
Total expenditures	4,624,348	-	-	64,309	4,688,657
<b>Excess (deficiency) of revenues over expenditures</b>	171,350	7	220,671	(64,309)	327,719
<b>Other financing sources (uses)</b>					
Transfers in	198,802	-	-	64,309	263,111
Transfers out	(64,309)	-	-	-	(64,309)
Total other financing sources (uses)	134,493	-	-	64,309	198,802
<b>Net change in fund balances</b>	305,843	7	220,671	-	526,521
<b>Fund balances, beginning of year</b>	2,224,310	3,632	-	-	2,227,942
<b>Fund balances, end of year</b>	\$ 2,530,153	\$ 3,639	\$ 220,671	\$ -	\$ 2,754,463

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF BUNNELL, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**Net change in fund balances - total governmental funds** **\$ 526,521**

Differences in amounts reported for governmental activities in the statement of activities are:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Capital outlay expenditures	482,348
Depreciation expense	(273,727)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(247,492)
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In the statement of activities, only the gain/loss on sale/disposal of capital assets is reported.

However, in governmental funds, the proceeds from the sale increases financial resources.

Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold/disposed.	(417)
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Governmental funds report contributions to defined benefit pension/OPEB plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension/OPEB expense in the statement of activities are amounts required to be amortized related to pension deferred inflows/outflows.

Change in net pension liability and deferred inflows/outflows related to pensions	294,608
Change in total OPEB liability and deferred inflows/outflows related to OPEB	(852)

Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position.

Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position.

These amounts are as follows:

Principal repayment of of long-term debt	51,789
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:

Change in compensated absences liability	7,810
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<b>Change in net position of governmental activities</b>	<b>\$ 840,588</b>
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The accompanying notes to financial statements are an integral part of this statement.

**CITY OF BUNNELL, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Taxes	\$ 2,436,479	\$ 2,436,479	\$ 2,547,537	\$ 111,058
Licenses and permits	289,750	339,750	486,545	146,795
Intergovernmental	721,760	783,960	1,000,903	216,943
Charges for services	636,176	634,985	634,063	(922)
Fines and forfeitures	21,521	21,521	48,814	27,293
Interest revenues	5,000	5,000	4,909	(91)
Miscellaneous	40,765	56,181	72,927	16,746
Total revenues	<u>4,151,451</u>	<u>4,277,876</u>	<u>4,795,698</u>	<u>517,822</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Legislative	134,658	169,877	169,878	(1)
Executive	339,913	338,468	320,253	18,215
Financial administration	455,037	458,906	450,668	8,238
Legal	84,100	84,100	84,092	8
Information systems	94,621	114,349	112,975	1,374
Municipal complex	46,510	213,044	168,684	44,360
Public safety:				
Police	1,395,919	1,373,599	1,349,050	24,549
Community development	370,911	416,222	401,418	14,804
Public works	836,208	816,336	741,555	74,781
Parks and recreation	324,787	334,940	309,856	25,084
Human services	23,000	33,571	33,571	-
Capital outlay	470,850	566,812	482,348	84,464
Debt service:				
Principal	34,088	-	-	-
Interest and fiscal charges	5,735	-	-	-
Total expenditures	<u>4,616,337</u>	<u>4,920,224</u>	<u>4,624,348</u>	<u>295,876</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(464,886)</u>	<u>(642,348)</u>	<u>171,350</u>	<u>813,698</u>
<b>Other financing sources (uses)</b>				
Transfers in	198,802	198,802	198,802	-
Transfers out	<u>(64,367)</u>	<u>(64,367)</u>	<u>(64,309)</u>	<u>58</u>
Total other financing sources (uses)	<u>134,435</u>	<u>134,435</u>	<u>134,493</u>	<u>58</u>
<b>Net change in fund balances</b>	<u>(330,451)</u>	<u>(507,913)</u>	<u>305,843</u>	<u>813,756</u>
<b>Fund balances, beginning of year</b>	<u>2,224,310</u>	<u>2,224,310</u>	<u>2,224,310</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 1,893,859</u></u>	<u><u>\$ 1,716,397</u></u>	<u><u>\$ 2,530,153</u></u>	<u><u>\$ 813,756</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF BUNNELL, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - COMMUNITY REDEVELOPMENT AGENCY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Interest revenues	\$ -	\$ -	\$ 7	\$ 7
Total revenues	-	-	7	7
<b>EXPENDITURES</b>				
Current:				
Community redevelopment	-	-	-	-
Total expenditures	-	-	-	-
<b>Excess (deficiency) of revenues over expenditures</b>	-	-	7	7
<b>Net change in fund balances</b>	-	-	7	7
<b>Fund balances, beginning of year</b>	3,632	3,632	3,632	-
<b>Fund balances, end of year</b>	<u>\$ 3,632</u>	<u>\$ 3,632</u>	<u>\$ 3,639</u>	<u>\$ 7</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF BUNNELL, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2021**

	Water	Sewer	Solid Waste	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 2,019,741	\$ 2,029,033	\$ 719,715	\$ 4,768,489
Investments	303,051	303,003	-	606,054
Restricted cash and cash equivalents	75,471	75,699	8,299	159,469
Accounts receivable, net	234,145	260,320	122,237	616,702
Inventories	65,055	28,310	-	93,365
Total current assets	<u>2,697,463</u>	<u>2,696,365</u>	<u>850,251</u>	<u>6,244,079</u>
Noncurrent assets:				
Restricted cash and cash equivalents	1,446,979	1,610,684	150	3,057,813
Capital assets:				
Land	13,250	13,741	-	26,991
Buildings and improvements	10,387,393	13,757,495	-	24,144,888
Equipment	393,918	612,442	944,488	1,950,848
Construction in progress	-	998,023	-	998,023
Accumulated depreciation	<u>(2,591,226)</u>	<u>(5,186,122)</u>	<u>(725,863)</u>	<u>(8,503,211)</u>
Total noncurrent assets	<u>9,650,314</u>	<u>11,806,263</u>	<u>218,775</u>	<u>21,675,352</u>
Total assets	<u>12,347,777</u>	<u>14,502,628</u>	<u>1,069,026</u>	<u>27,919,431</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	119,391	121,054	50,002	290,447
Deferred outflows related to OPEB	1,832	1,425	611	3,868
Total deferred outflows	<u>121,223</u>	<u>122,479</u>	<u>50,613</u>	<u>294,315</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	12,779	21,384	19,484	53,647
Deposits	210,768	178,555	36,247	425,570
Unearned revenue	-	-	3,100	3,100
Compensated absences	3,998	3,954	2,773	10,725
Current maturities on long-term debt	99,622	104,623	22,437	226,682
Payable from restricted assets:				
Current maturities on capital lease payable	-	24,897	-	24,897
Current maturities on long-term debt	48,870	42,041	7,370	98,281
Accrued interest payable	26,601	8,761	929	36,291
Total current liabilities	<u>402,638</u>	<u>384,215</u>	<u>92,340</u>	<u>879,193</u>
Noncurrent liabilities:				
Notes payable	3,792,893	1,146,743	193,745	5,133,381
Total OPEB liability	26,426	20,553	8,809	55,788
Net pension liability	133,550	135,409	55,931	324,890
Compensated absences	11,995	11,863	8,320	32,178
Total noncurrent liabilities	<u>3,964,864</u>	<u>1,314,568</u>	<u>266,805</u>	<u>5,546,237</u>
Total liabilities	<u>4,367,502</u>	<u>1,698,783</u>	<u>359,145</u>	<u>6,425,430</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	220,562	223,630	92,370	536,562
Deferred inflows related to OPEB	12,676	9,859	4,226	26,761
Total deferred inflows	<u>233,238</u>	<u>233,489</u>	<u>96,596</u>	<u>563,323</u>
<b>NET POSITION</b>				
Net investment in capital assets	4,261,950	8,877,275	(4,927)	13,134,298
Restricted for:				
Capital improvements	1,244,024	1,554,020	-	2,798,044
Debt service	251,825	123,602	7,520	382,947
Unrestricted	2,110,461	2,137,938	661,305	4,909,704
Total net position	<u>\$ 7,868,260</u>	<u>\$ 12,692,835</u>	<u>\$ 663,898</u>	<u>\$ 21,224,993</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF BUNNELL, FLORIDA**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
<b>Operating revenues</b>				
Charges for services	\$ 1,734,172	\$ 1,927,835	\$ 909,354	\$ 4,571,361
Total operating revenues	<u>1,734,172</u>	<u>1,927,835</u>	<u>909,354</u>	<u>4,571,361</u>
<b>Operating expenses</b>				
Personal services	485,378	491,015	235,226	1,211,619
Contractual services	262,527	350,969	333,180	946,676
Repairs and maintenance	68,956	42,147	41,985	153,088
Supplies	118,463	117,483	66,065	302,011
Utilities	49,951	86,438	2,925	139,314
Other expenses	123,179	110,877	18,045	252,101
Depreciation	254,224	421,711	46,597	722,532
Total operating expenses	<u>1,362,678</u>	<u>1,620,640</u>	<u>744,023</u>	<u>3,727,341</u>
<b>Operating income (loss)</b>	<u>371,494</u>	<u>307,195</u>	<u>165,331</u>	<u>844,020</u>
<b>Nonoperating revenues (expenses)</b>				
Interest earnings	6,287	6,240	1,191	13,718
Operating grants	15	15	4	34
Other income (expense)	39,442	36,282	28,368	104,092
Interest and amortization expense	(75,224)	(25,049)	(7,947)	(108,220)
Total nonoperating revenues (expenses)	<u>(29,480)</u>	<u>17,488</u>	<u>21,616</u>	<u>9,624</u>
<b>Income (loss) before capital grants, capital contributions, and transfers</b>	<u>342,014</u>	<u>324,683</u>	<u>186,947</u>	<u>853,644</u>
Capital grants	-	798,364	-	798,364
Capital contributions	205,920	298,567	-	504,487
Transfers out	(71,997)	(85,859)	(40,946)	(198,802)
<b>Change in net position</b>	<u>475,937</u>	<u>1,335,755</u>	<u>146,001</u>	<u>1,957,693</u>
<b>Net position, beginning of year</b>	7,392,323	11,357,080	517,897	19,267,300
<b>Net position, end of year</b>	<u><u>\$ 7,868,260</u></u>	<u><u>\$ 12,692,835</u></u>	<u><u>\$ 663,898</u></u>	<u><u>\$ 21,224,993</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF BUNNELL, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Water	Sewer	Solid Waste	Total
<b>Cash flows from operating activities</b>				
Cash received from customers	\$ 1,702,786	\$ 1,898,509	\$ 907,379	\$ 4,508,674
Cash paid to employees	(473,873)	(476,367)	(230,170)	(1,180,410)
Cash paid to suppliers	(679,497)	(737,082)	(467,571)	(1,884,150)
Net cash provided by (used in) operating activities	<u>549,416</u>	<u>685,060</u>	<u>209,638</u>	<u>1,444,114</u>
<b>Cash flows from noncapital financing activities</b>				
Operating grants	644	662	67	1,373
Other income (expense)	39,442	36,282	28,368	104,092
Interfund transfers	(71,997)	(85,859)	(40,946)	(198,802)
Net cash provided by (used in) noncapital financing activities	<u>(31,911)</u>	<u>(48,915)</u>	<u>(12,511)</u>	<u>(93,337)</u>
<b>Cash flows from capital and related financing activities</b>				
Impact fees and capital contributions	205,920	298,567	-	504,487
Acquisition and construction of capital assets	(63,325)	(1,177,022)	(35,900)	(1,276,247)
Capital grants	-	798,364	-	798,364
Principal payments of long-term debt	(145,648)	(161,639)	(29,807)	(337,094)
Proceeds from issuance of long-term debt	-	219,550	-	219,550
Interest paid	(76,847)	(27,022)	(9,091)	(112,960)
Net cash provided by (used in) capital and related financing activities	<u>(79,900)</u>	<u>(49,202)</u>	<u>(74,798)</u>	<u>(203,900)</u>
<b>Cash flows from investing activities</b>				
Interest received	5,792	5,793	1,191	12,776
Net cash provided by (used in) investing activities	<u>5,792</u>	<u>5,793</u>	<u>1,191</u>	<u>12,776</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>443,397</u>	<u>592,736</u>	<u>123,520</u>	<u>1,159,653</u>
<b>Cash and cash equivalents, beginning of year</b>	3,098,794	3,122,680	604,644	6,826,118
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 3,542,191</u></u>	<u><u>\$ 3,715,416</u></u>	<u><u>\$ 728,164</u></u>	<u><u>\$ 7,985,771</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ 371,494	\$ 307,195	\$ 165,331	\$ 844,020
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:				
Depreciation	254,224	421,711	46,597	722,532
Changes in assets and liabilities:				
Accounts receivable	(50,721)	(46,106)	(6,700)	(103,527)
Inventories and prepaids	(9,332)	(611)	-	(9,943)
Accounts payable and accrued liabilities	(47,089)	(28,557)	(5,371)	(81,017)
Deposits	19,335	16,780	4,725	40,840
Compensated absences	2,652	3,964	794	7,410
Net pension liability	(4,182)	14,011	7,995	17,824
Total OPEB liability	13,035	(3,327)	(3,733)	5,975
Net cash provided by (used in) operating activities	<u><u>\$ 549,416</u></u>	<u><u>\$ 685,060</u></u>	<u><u>\$ 209,638</u></u>	<u><u>\$ 1,444,114</u></u>
<b>Cash and cash equivalents classified as:</b>				
Unrestricted	\$ 2,019,741	\$ 2,029,033	\$ 719,865	\$ 4,768,639
Restricted	1,522,450	1,686,383	8,299	3,217,132
Total cash and cash equivalents	<u><u>\$ 3,542,191</u></u>	<u><u>\$ 3,715,416</u></u>	<u><u>\$ 728,164</u></u>	<u><u>\$ 7,985,771</u></u>

The accompanying notes to financial statements are an integral part of this statement.



**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**(1) Summary of Significant Accounting Policies:**

The financial statements of the City of Bunnell, Florida (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the City's significant accounting policies:

(a) **Reporting entity**—The City of Bunnell, Florida, as created by the Laws of Florida, Ch. 28955 (1953), adopted the City Charter by Ordinance No. 2002-01 on January 29, 2002. The Charter was approved by referendum by the voters and became effective on March 5, 2002. The City Charter vests all the legislative powers of the City with a city commission consisting of five members. The City Manager is appointed by the Commission and is the Chief Administrative Officer of the City.

The accompanying financial statements present the financial position, results of operations, and cash flows of the applicable funds governed by the City Commission of the City of Bunnell, Florida, the reporting entity of government for which the City Commission is considered to be financially accountable. In evaluating the City as a reporting entity, management has addressed all potential component units that may or may not fall within the City's oversight and control, and thus, be included in the City's financial statements.

(b) **Blended component units**—Blended component units, although legally separate entities, are in substance part of the City's operations, and as a result, considered to be financially accountable. The following component unit is reported in the City's Annual Financial Report. In June 2007, the City passed an ordinance creating a dependent special district, the Bunnell Community Redevelopment Agency (Agency). The purpose of the Agency is to provide rehabilitation, conservation, or redevelopment of such areas as are necessary in the interest of public health, safety, or welfare of the residents of the City. The Agency is blended into the City's primary government although retaining separate legal identity. Separate financial statements are not prepared for this component unit.

Based upon the application of the criteria set forth by GASB, there are no discretely presented potential component units or related organizations of the City.

(c) **Government-wide and fund financial statements**—The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis and are reflected, on a full accrual, economic resource basis, which incorporates long term assets and receivables as well as long term debt and obligations.

The government-wide statement of activities reflects both the gross and net costs per functional category (public safety, public works, etc.), which are otherwise being supported by general government revenues (property, sales taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by the related program revenues, operating and capital grants. The program revenues must be directly associated with the function or a business-type activity. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

(1) **Summary of Significant Accounting Policies:** (Continued)

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.). This government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements emphasize the major funds in either the governmental or business-type categories. Non-major funds (by category) are summarized into a single column, if any.

The governmental funds' major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to demonstrate legal compliance and demonstrate how the City's actual experience conforms to the budgeted fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following the Governmental Funds – Balance Sheet and the Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

As a general rule the effect of interfund City activities has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

(d) **Measurement focus and basis of accounting**—The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing recognition in the financial statements of various kinds of transactions or events.

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

(1) **Summary of Significant Accounting Policies:** (Continued)

Taxes, intergovernmental revenue, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

(e) **Financial statement presentation**—The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB Codification sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Any non-major funds are combined in a column in the fund financial statements and detailed in the combining section. There are no non-major funds to report.

The City reports the following major governmental funds:

The **General Fund** accounts for several of the City's primary services (police, public works, community development, parks and recreation, etc.) and is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The **Community Redevelopment Agency Fund** accounts for the activities of the Bunnell Community Redevelopment Agency.

The **Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The **Impact Fee Fund** accounts for the governmental impact fees activities restricted for capital improvements,

The City reports the following major proprietary funds:

The **Water Fund** accounts for the activities of the City's water distribution system.

The **Sewer Fund** accounts for the activities of the City's sewage treatment plant, sewage pumping stations and collection systems.

The **Solid Waste Fund** accounts for the activities of the City's solid waste collection and disposal.

(f) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(g) **Budgets and budgetary accounting**—Annual budgets for all governmental and proprietary funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental funds' budgets are prepared on the modified accrual basis of accounting. The proprietary funds' budgets are prepared on a full accrual basis of accounting.

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**(1) Summary of Significant Accounting Policies:** (Continued)

The City uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

- i. Sixty days prior to October 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and means of financing them.
- ii. Budget workshops are scheduled by the City Manager as needed.
- iii. The general summary of the budget and notice of public hearing is published in the local newspaper.
- iv. Public hearings are conducted to obtain taxpayer comments.
- v. Prior to October 1, the budgets are legally enacted through passage of a resolution.
- vi. The City Manager is authorized to transfer budgeted amounts between divisions and departments; however, any revisions that alter the total appropriations of any fund must be approved by the City Commission.
- vii. The level of classification detail at which expenditures may not legally exceed appropriations is the fund level.
- viii. Appropriations lapse at the close of the fiscal year to the extent they have not been expended. Appropriations for capital expenditures lapse five years henceforth.
- ix. Budget for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The governmental funds have legally adopted annual budgets contained within a separate document.
- x. The City Commission, by resolution, may make supplemental appropriations in excess of those originally estimated for the year, up to the amount of available revenues.

(h) **Deposits and investments**—Cash consists of amounts held in demand deposits. Cash equivalents consist of short term investments having a maturity date of less than three months from the date acquired. Investments are reported at fair value.

(i) **Receivables and payables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered monthly. Unbilled accounts receivable are accrued by the City at year-end to recognize the sales revenues earned through the end of the fiscal year.

(j) **Capital assets**—Capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the City.

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**(1) Summary of Significant Accounting Policies:** (Continued)

Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Maintenance and repairs of capital assets are charged to operating expenses.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives. Land and construction in progress are not depreciated. Other useful lives are as follows:

Assets	Years
Buildings	10 – 50 years
Infrastructure (improvements other than buildings)	15 – 50 years
Equipment	3 – 25 years

(k) **Compensated absences**—City policy permits employees to accumulate a limited amount of earned, but unused personal, vacation, and sick leave. Employees may carry forward up to 480 hours from one fiscal year to the next and may receive payment of 80 hours each fiscal year. These benefits are payable at 50% to employees upon separation from service. All leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in accordance with the GASB Codification.

(l) **Long-term obligations**—In the government-wide financial statements and proprietary fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when paid.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(m) **Net position flow assumption**—Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the City’s policy to consider restricted net position to have been used before unrestricted net position is applied.

(n) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

*Nonspendable* – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.



**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

(1) **Summary of Significant Accounting Policies:** (Continued)

*Restricted* – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e., when the government assesses, levies, charges, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

*Committed* – Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the City Commission are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

*Assigned* – Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance, except for stabilization arrangements. Assignments can be made by the City Commission.

*Unassigned* – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

For spendable resources, it is the City's policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unassigned.

(o) **Reserve policy**—The City Commission has approved a reserve policy, which addresses that the City's optimal level of net equity reserve has been determined to be 17% of the respective operating budgets at the beginning of the fiscal year or a net equity reserve equal to at least 54 consecutive days. Net Equity Reserve is defined as a specific fund's equity in pooled cash less liabilities due and payable within the next 12 months.

(p) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has deferred outflows related to pensions and OPEB in the proprietary funds and government-wide statement of net position and are discussed further in Note (9) and Note (10).

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows related to pensions and OPEB in the proprietary funds and government-wide statement of net position and are discussed further in Note (9) and Note (10). The City has deferred inflows related to unavailable revenue only in the governmental funds balance sheet. The governmental funds report unavailable revenues from operating grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**(2) Reconciliation of Government-Wide and Fund Financial Statement:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

**(3) Property Tax Calendar:**

Under Florida law, the assessment of all properties and collection of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. State laws regulating tax assessment are designed to ensure a consistent property valuation method statewide and permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the City for the fiscal year ended September 30, 2021, was 6.4300 per \$1,000.

All property is assessed according to its fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State statutes.

The current year taxes for the fiscal year, beginning October 1, are billed in the month of November and are due no later than March 31. On April 1, all unpaid amounts become delinquent and are subject to interest and penalties. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, 1% in the month of February, and without discount in March.

The City recognizes property tax revenues as received. Delinquent taxes on real property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. The City tax calendar is as follows:

Valuation Date:	January 1, 2020
Levy Date:	November 1, 2020
Due Date:	March 31, 2021
Lien Date:	June 1, 2021

**(4) Deposits and Investments:**

The City, for accounting and investment purposes, maintains a pooled interest bearing banking account and a pooled investment account for substantially all City funds. This gives the City the ability to invest large amounts of idle cash for short periods of time and to maximize earning potential. The cash and investments shown on the balance sheets and statements of net position represent the amount owned by each fund.

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**(4) Deposits and Investments:** (Continued)

State statutes authorize the City to invest excess funds in time deposits, obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States Government, commercial paper, corporate bonds, repurchase agreements and/or the State Board of Administration (SBA) Local-Government Surplus Trust Fund Investment Pool or other investment vehicles authorized by local ordinance.

As of September 30, 2021, all City deposits were covered by private bank acquired insurance, Securities Investor Protection Corporation (SIPC) insurance, private broker/dealer acquired insurance, Federal Depository Insurance Corporation (FDIC) insurance, or the State of Florida collateral pool established under the Florida Security for Public Deposits Act (the Act). The Act established guidelines for qualification and participation by banks and savings associations, procedures for administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to 125% may be required if deemed necessary.

Obligations pledged to secure deposits must be delivered to the State Treasurer, or with the approval of the State Treasurer to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the City is authorized to deposit funds only in Qualified Public Depositories.

The City invests temporarily idle resources in the Florida PRIME Investment Pool (Florida PRIME) that is administered by the Florida State Board of Administration (SBA), who provides regulatory oversight. Florida PRIME is similar to money market funds in which units are owned in the fund rather than the underlying investments. These investments are reported at amortized cost and meet the requirements of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. There is no limitation or restrictions on withdrawals from Florida PRIME; although in the occurrence of an event that has a material impact on liquidity or operations of the trust fund, the funds' executive director may limit contributions to or withdrawals from the trust fund for a period of 48 hours.

As of September 30, 2021, the investment pool had a weighted average maturity of 49 days, was rated AAAM by Standard & Poor's (S&P), and had a carrying value of \$644,882. The City held no assets or investments carried at fair value at September 30, 2021, and subject to the required disclosures of GASB 72.

*Interest Rate Risk:* The City's investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. The investment of current operating funds will have maturities of no longer than three years. Investments of bond reserves, construction funds, and other non-operating funds ("core funds") shall have a term appropriate to the need for funds and in accordance with debt covenants, but should not exceed ten years. From time to time the above parameters may require modification in order to meet specific construction draw schedules or other predetermined operating or capital needs, or to satisfy debt obligations, but in no event shall exceed ten years.

*Credit Risk:* Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The City's entire portfolio is invested in SBA funds, as described above.

*Concentration of Credit Risk:* The City has adopted no formal investment policy and follows the investment policies set forth in Florida Statutes, Chapter 218.



**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

(4) **Deposits and Investments:** (Continued)

*Custodial Credit Risk:* All demand deposits are held with qualified public depositories, as defined above. In the case of investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2021, the City's investment of \$644,882 in SBA funds are backed by the full faith and credit of the State of Florida, or explicitly guaranteed by the State of Florida.

(5) **Accounts Receivable:**

The City's receivables consist of the following at September 30, 2021:

	<b>Gross Receivable</b>	<b>Allowance for Doubtful Accounts</b>	<b>Net Receivable</b>
Governmental Activities:			
General Fund			
Accounts receivable	\$ 125,679	\$ (8,041)	\$ 117,638
Totals – Governmental Type Activities	<u>125,679</u>	<u>(8,041)</u>	<u>117,638</u>
Business-Type Activities			
Water Fund			
Accounts receivable	323,051	(88,906)	234,145
Solid Waste Fund			
Accounts receivable	197,341	(75,104)	122,237
Sewer Fund			
Accounts receivable	408,273	(147,953)	260,320
Totals – Business-Type Activities	<u>928,665</u>	<u>(311,963)</u>	<u>616,702</u>
Totals	<u>\$ 1,054,344</u>	<u>\$ (320,004)</u>	<u>\$ 734,340</u>

In addition to accounts receivable, the City also recorded \$107,558 in amounts due from other governments at September 30, 2021.

(6) **Capital Assets:**

Capital asset activity for the fiscal year ended September 30, 2021, is as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Governmental activities:				
Capital assets, not being depreciated –				
Land	\$ 191,202	\$ -	\$ -	\$ 191,202
Construction in progress	91,811	411,174	(501,238)	1,747
Total capital assets, not being depreciated	<u>283,013</u>	<u>411,174</u>	<u>(501,238)</u>	<u>192,949</u>
Capital assets, being depreciated –				
Buildings	6,406,128	558,187	-	6,964,315
Equipment	1,162,734	14,225	(80,791)	1,096,168
Total capital assets, being depreciated	7,568,862	572,412	(80,791)	8,060,483
Less: accumulated depreciation	(4,015,204)	(273,727)	80,374	(4,208,557)
Total capital assets, being depreciated, net	<u>3,553,658</u>	<u>298,685</u>	<u>(417)</u>	<u>3,851,926</u>
Governmental activities capital assets, net	<u>\$ 3,836,671</u>	<u>\$ 709,859</u>	<u>\$ (501,655)</u>	<u>\$ 4,044,875</u>

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**(6) Capital Assets:** (Continued)

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Business-type activities:				
Capital assets, not being depreciated –				
Land	\$ 26,991	\$ -	\$ -	\$ 26,991
Construction in progress	-	998,023	-	998,023
Total capital assets, not being depreciated	26,991	998,023	-	1,025,014
Capital assets, being depreciated –				
Buildings and improvements	23,956,411	188,477	-	24,144,888
Equipment	1,878,059	89,747	(16,958)	1,950,848
Total capital assets, being depreciated	25,834,470	278,224	(16,958)	26,095,736
Less: accumulated depreciation	(7,797,637)	(722,532)	16,958	(8,503,211)
Total capital assets, being depreciated, net	18,036,833	(444,308)	-	17,592,525
Business-type activities capital assets, net	<u>\$ 18,063,824</u>	<u>\$ 553,715</u>	<u>\$ -</u>	<u>\$ 18,617,539</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	\$ 40,013
Community development	-
Public safety	36,599
Parks and recreation	50,221
Public works	146,894
Total depreciation expense – governmental activities	<u>\$ 273,727</u>
Business-type activities:	
Water	\$ 254,224
Sewer	421,711
Solid waste	46,597
Total depreciation expense – business-type activities	<u>\$ 722,532</u>

**(7) Long-Term Debt:**

A summary of the long-term liability transactions for the City for the fiscal year ended September 30, 2021, is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Notes and bonds payable	\$ 545,704	\$ -	\$ (51,789)	\$ 493,915	\$ 53,038
Compensated absences	79,376	83,586	(91,396)	71,566	17,891
Governmental activities –					
Total long-term liabilities	<u>\$ 625,080</u>	<u>\$ 83,586</u>	<u>\$ (143,185)</u>	<u>\$ 565,481</u>	<u>\$ 70,929</u>

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

(7) **Long-Term Debt:** (Continued)

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Ending Balance</u></b>	<b><u>Due Within One Year</u></b>
<b>Business-type activities:</b>					
Long-term debt:					
Notes and bonds payable	\$ 5,089,493	\$ -	\$ (271,810)	\$ 4,817,683	\$ 277,405
SRF Notes payable	511,292	219,550	(65,284)	665,558	72,456
Total long-term debt	5,600,785	219,550	(337,093)	5,483,241	349,860
Compensated absences	35,493	33,621	(26,211)	42,903	10,725
Business-type activities –					
Total long-term liabilities	<u>\$ 5,636,278</u>	<u>\$ 253,171</u>	<u>\$ (363,304)</u>	<u>\$ 5,526,144</u>	<u>\$ 360,585</u>

Annual debt service requirements to maturity for the City's revenue bonds and notes are as follows:

<b><u>Year Ending September 30,</u></b>	<b><u>Governmental Activities</u></b>		<b><u>Business-Type Activities</u></b>		<b><u>Total</u></b>
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	
2022	\$ 53,038	\$ 11,486	\$ 349,860	\$ 97,722	\$ 512,106
2023	54,317	10,189	336,751	90,663	491,920
2024	55,627	8,885	343,188	84,662	492,362
2025	56,968	7,501	349,770	78,544	492,783
2026	58,342	6,108	323,008	71,305	458,763
2027-2031	215,623	9,926	1,257,278	282,611	1,765,438
2032-2036	-	-	487,017	210,041	697,058
2037-2041	-	-	528,701	168,357	697,058
2042-2046	-	-	513,668	121,397	635,065
2047-2051	-	-	525,000	75,190	600,190
2052-2056	-	-	469,000	11,153	480,153
Total	<u>\$ 493,915</u>	<u>\$ 54,095</u>	<u>\$ 5,483,241</u>	<u>\$ 1,291,645</u>	<u>\$ 7,322,896</u>

Notes and bonds payable in the City's governmental activities at September 30, 2021, are comprised of the following obligations:

Non-Ad Valorem Revenue note payable, in the original amount of \$732,008, dated February 28, 2017, bearing interest at a fixed rate of 2.39% and maturing on February 26, 2030. Repayment of loan balance is secured by a pledge of non-ad valorem revenues.	\$ 493,915
Total long-term debt, governmental activities	<u>\$ 493,915</u>

Notes and bonds payable in the City's business-type activities at September 30, 2021, are comprised of the following obligations:

State Revolving Fund note payable, dated July 1, 2005, due in semiannual payments of \$35,363, including interest at 2.60% through December 15, 2025. Repayment of loan balance is secured by a pledge of water & sewer utility revenues.	\$ 291,240
Note payable to Florida Department of Transportation, in the original amount of \$529,694, unsecured and noninterest bearing. Flagler County made a \$264,647 payment in 2010, remaining payments will begin October 15, 2020, with ten annual payments of \$26,505.	238,543

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**(7) Long-Term Debt: (Continued)**

State Revolving Fund note payable, dated November 19, 2012, due in semiannual payments of \$4,777 once the full amount has been drawn, including interest at 2.12% through June 15, 2035. Repayment of loan balance is secured by a pledge of water & sewer utility revenues.	\$ 154,768
Water and Sewer System Refunding Revenue Note, Series 2017: Water and Sewer Revenue note payable, in the original amount of \$1,937,333, dated February 28, 2017; due serially to May 21, 2030, with interest at 2.39% (reduced to 1.95% effective December 15, 2020) payable annually. Repayment of year-end loan balance is secured by a pledge of water & sewer utility revenues.	1,326,692
Water and Sewer Bonds, in the original amount of \$3,362,000, dated May 20, 2015; due serially to May 20, 2055, with interest at 1.875% payable annually. Repayment of year-end loan balance is secured by a pledge of water & sewer utility revenues.	3,004,000
Solid Waste Revenue Note, in the original amount of \$292,100, dated February 13, 2019; due in semiannual payments of \$17,308, including interest at 3.43% (reduced to 1.95% effective December 15, 2020) through January 1, 2029. Repayment of loan balance is secured by a solid waste utility revenues.	223,551
Sewer Camera financing, in the original amount of \$73,052, dated November 6, 2019; due in annual payments of \$26,070, including interest at 4.62% through May 1, 2022. Repayment of loan balance is secured by the underlying asset title.	24,897
State Revolving Fund note payable, dated February 24, 2021, due in semiannual payments of \$5,489 at 0% interest through November 15, 2041. The amount includes \$19,959 of service fee rolled into the loan. Repayment of loan balance is secured by a pledge of sewer revenues.	219,550
Total long-term debt, business-type activities	<u><u>\$ 5,483,241</u></u>

**Conduit Debt**

Pursuant to the provisions of Resolution 2008-01, the City authorized issuance of conduit debt in the total amount not to exceed \$5,750,000 for SMA Healthcare Foundation, Inc. (the Borrower), a Florida not-for-profit corporation. On May 20, 2008, the Borrower issued a \$5,750,000 Stewart-Marchman Foundation, Inc. Project Series 2008-A Revenue Bonds, secured with a mortgage. The proceeds were utilized for financing the acquisition, improvement, construction and equipping of certain real property to be used as a substance abuse treatment facility. Monthly interest payments were due at a rate of 4.43% per annum through maturity of February 28, 2018, at which time the full principal amount would become due. The issuing financial institution sold the bonds to another financial institution on September 30, 2014. Under the new financial institution, principal and interest payments are due in monthly installments at a rate of 3.225% through December 31, 2024. Commencing January 1, 2025, through the maturity date of July 1, 2028, the interest rate will be subject to an interest rate adjustment of 2.00% above the 5-Year Federal Home Loan Bank Rate, not to exceed 3.225%. At September 30, 2021, the balance of this conduit debt outstanding is \$710,176.

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**(7) Long-Term Debt:** (Continued)

Under the financing agreement, the City is not obligated to pay the Series 2008-A Bonds except from the proceeds derived from the repayment of the loan to the Borrower, or from the other security pledged thereof by the Borrower, and neither the faith and credit nor the taxing power of the City, the State or any political subdivision thereof is pledged to the payment of the principal or, premium, if any, or the interest on the obligation.

**(8) Interfund Transfers:**

For the year ended September 30, 2021, interfund transfers consisted of the following:

	<u>Transfer From</u>	<u>Transfer To</u>
Governmental Activities		
General Fund:		
Debt Service Fund	\$ -	\$ 64,309
Water Fund	71,997	-
Sewer Fund	85,859	-
Solid Waste Fund	40,946	-
Debt Service Fund:		
General Fund	64,309	-
Business-Type Activities		
Water Fund:		
General Fund	-	71,997
Sewer Fund:		
General Fund	-	85,859
Solid Waste Fund:		
General Fund	-	40,946
	<u>\$ 263,111</u>	<u>\$ 263,111</u>

The transfer from the General Fund to the Debt Service Fund represents funding of the debt service requirement as debt service principal and interest payments become due. The transfer from the Water, Sewer, and Solid Waste Funds to the General Fund represents payments in lieu of taxes.

**(9) Employees' Retirement Plans:**

**A. Florida Retirement System:**

**Plan Description and Administration**

As of June 1, 2004, the City began participating in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the City's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Pension Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**(9) Employees' Retirement Plans:** (Continued)

In addition, all regular employees of the City are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health

insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**Benefits Provided and Employees Covered**

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

**Financial Statements**

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**(9) Employees' Retirement Plans:** (Continued)

Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's web site ([www.myfloridacfo.com](http://www.myfloridacfo.com)). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services  
Division of Retirement  
P.O. Box 9000  
Tallahassee, FL 32315-9000  
(850)488-5706 or toll free at (877)377-1737

**Contributions**

Employers may participate in certain classes of FRS membership. The employee contribution rate for eligible employees, other than those in DROP from FRS who are not required to contribute, is 3.00%. Each class had descriptions and contribution rates in effect during the year ended September 30, 2021, as follows (contribution rates are in agreement with the actuarially determined rates):

<u>FRS Membership Plan &amp; Class</u>	<u>Through June 30, 2021</u>	<u>After June 30, 2021</u>
Regular Class	10.00%	10.82%
Special Risk	24.45%	25.89%
Senior Management Service Class	27.29%	29.01%
Regular Class Not Eligible for FRS	5.10%	5.85%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, which are included in the above rates.

For the plan year ended June 30, 2021, actual contributions made for City employees participating in FRS and HIS were as follows:

City Contributions – FRS	\$ 333,761
City Contributions – HIS	41,463
Employee Contributions	74,934

**Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions**

At September 30, 2021, the City reported a liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 661,804
HIS	865,276
Total	<u>\$ 1,527,080</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental



**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**(9) Employees' Retirement Plans:** (Continued)

entities, as actuarially determined. At June 30, 2021 and June 30, 2020, the City's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2021</u>	<u>2020</u>
FRS	0.008761131%	0.008527139%
HIS	0.007053978%	0.006649536%

For the year ended June 30, 2021, pension expense was recognized related to the FRS and HIS plan as follows:

FRS	\$	65,323
HIS		53,111
Total	\$	<u>118,434</u>

*Deferred outflows/inflows related to pensions:*

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 113,434	\$ -	\$ 28,954	\$ (362)
Changes of assumptions	452,839	-	67,991	(35,652)
Net different between projected and actual investment earnings	-	(2,308,867)	902	-
Change in City's proportionate share	378,161	(22,194)	214,663	(154,933)
Contributions subsequent to the measurement date	96,918	-	11,326	-
	<u>\$ 1,041,352</u>	<u>\$ (2,331,061)</u>	<u>\$ 323,836</u>	<u>\$ (190,947)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

<u>Year ended September 30,</u>	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
2022	\$ (220,441)	\$ 18,059	\$ (202,382)
2023	(256,564)	20,807	(235,757)
2024	(371,840)	36,013	(335,827)
2025	(550,529)	41,707	(508,822)
2026	12,745	4,391	17,136
Thereafter	2	586	588
Total	<u>\$ (1,386,627)</u>	<u>\$ 121,563</u>	<u>\$ (1,265,064)</u>



**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**(9) Employees' Retirement Plans:** (Continued)

*Actuarial assumptions:*

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.80%. This rate did not change from the prior year rate. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.16% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 2.21%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

*Long-term expected rate of return:*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2021, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.1%
Fixed income	20.0%	3.8%
Global equities	54.2%	8.2%
Real estate	10.3%	7.1%
Private equity	10.8%	11.7%
Strategic investments	3.7%	5.7%
Total	<u>100.0%</u>	

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**(9) Employees' Retirement Plans:** (Continued)

*Sensitivity of the net pension liability to changes in the discount rate:*

The following presents the proportionate shares of the FRS and HIS net pension liability(asset) of the City calculated using the current discount rates, as well as what the City's net pension liability(asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.80%	\$ 2,959,631	\$ 661,804	\$ (1,258,922)
HIS	2.16%	1,000,343	865,276	754,619

**B. Defined Contribution Plan:**

The City Commission has adopted the International City Management Association Retirement Corporation (ICMA-RC) Money Purchase Plan and Trust effective July 1, 2015. The plan is available to the general employees who are not in one of the other City retirement plans. City contributions to the ICMARC Money Purchase Plan and Trust for general employees shall be in same percentages as the FRS. For the year ended September 30, 2021, actual employer contributions to this plan totaled \$44,067.

**(10) Other Post-Employment Benefits (OPEB):**

**Plan Description**—No assets are held in trust for payment of the OPEB liability as the City had no OPEB liability other than as arising from the implicit rate subsidy. Retirees and their dependents are permitted to remain covered under the City's respective health care plans as long as they pay a full premium applicable to the coverage elected. Eligible participants include all regular employees of the City who retire from active service under one of the pension plans sponsored by the City. Under certain conditions, eligible individuals also include spouses and dependent children. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, Florida Statutes. The Other Post-Employment Benefit Plan does not issue a stand-alone report.

**Benefits Provided**—The Other Post-Employment Benefits Plan is a single-employer benefit healthcare plan administered by the City. Retirees are charged whatever the insurance company charges for the type of coverage elected, however, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. The older retirees actually have a higher cost which means the City is actually subsidizing the cost of the retiree coverage because it pays all or a significant portion of the premium on behalf of the active employee. GASB No. 75 calls this the "implicit rate subsidy."

**Plan Membership**—At October 1, 2020, the date of the latest actuarial valuation, plan participation consisted of 45 covered individuals, including one inactive employee and beneficiaries and 44 active employees. Plan participation does not include any inactive employees entitled to but not yet receiving benefits.

**Actuarial Assumptions and Other Inputs**—The total OPEB liability in the October 1, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**(10) Other Post-Employment Benefits (OPEB):** (Continued)

Discount rate	2.43%
Salary increases	3.00%
Healthcare cost trend rate	6.50% in 2021, downgraded 0.50% per year to 5.00% in 2024
Age-related morbidity	3.50% for each year of age
Retirees' share of benefit-related costs	100.00%

The City does not have a dedicated trust to pay retiree healthcare benefits. The discount rate was based on the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2021.

Mortality rates were based on the sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general employees, with full generational improvements in mortality using Scale MP-2020.

**Total OPEB Liability**—Changes in the OPEB liability for the fiscal year ended September 30, 2021, were as follows:

	<b>Total OPEB Liability</b>
Balance at September 30, 2020	\$ 247,614
Changes for a year:	
Service cost	17,788
Interest	6,335
Differences between expected and actual experience	(36,197)
Changes of assumptions	(29,351)
Benefit payments – implicit rate subsidy	(9,465)
Other changes	-
Net changes	(50,890)
Balance at September 30, 2021	\$ 196,724

*Sensitivity of the total OPEB liability to changes in the discount rate:*

The following presents the total OPEB liability of the City calculated using the discount rate of 2.43%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.43%) or 1% higher (3.43%) than the current rate:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 212,681	\$ 196,724	\$ 182,391

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:*

The following presents the total OPEB liability of the City calculated using the healthcare cost trend rate of 6.50% graded down to 5%, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.50%) or 1% higher (7.50%) than the current healthcare cost trend rate:

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

(10) **Other Post-Employment Benefits (OPEB):** (Continued)

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 176,504	\$ 196,724	\$ 220,904

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources:*

For the year ended September 30, 2021; the City recognized OPEB expense of \$6,827. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Demographic experience	\$ -	\$ 46,738
Changes of assumptions	13,640	47,632
Total	<u>\$ 13,640</u>	<u>\$ 94,370</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended September 30,</u>	<u>Amount</u>
2022	\$ (7,831)
2023	(7,831)
2024	(7,831)
2025	(7,831)
2026	(7,831)
Thereafter	(41,575)

(11) **Risk Management:**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in coverage from the prior year. The City is engaged in routine litigation incidental to the conduct of its municipal affairs. In the opinion of the City's legal counsel, no legal proceedings are pending which would have a material adverse effect on the financial position or results of operations of the City.

(12) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented and that City believes will apply to them. Management has not currently determined what, if any, impact implementation of the following will have on the City's financial statements:

GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease resource

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**(12) Recent Accounting Pronouncements:** (Continued)

based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.

GASB issued Statement No. 91, *Conduit Debt Obligations*, in May 2019. GASB 91 provides for a single method of reporting conduit debt obligations and requires essential information related to the conduit debt obligations be disclosed in the notes to the financial statements. The provisions in GASB 91 are effective for periods beginning after December 15, 2021.

GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures established in Statement No. 87, *Leases*, as amended. The provisions in GASB 96 are effective for periods beginning after June 15, 2022.

**(13) Operating Leases:**

The City leases several vehicles and equipment under noncancelable operating lease agreements which expire through 2030. Rent expense under these leases was \$197,125 for the year ended September 30, 2021. At September 30, 2021, future rental commitments in excess of one year under noncancelable operating leases were as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2022	\$ 204,353
2023	204,353
2024	153,661
2025	62,469
2026	9,987
2027-2030	39,949
	<u>\$ 674,772</u>

**(14) Subsequent Events:**

On November 8, 2021, the City Commission approved the purchase of a parcel of land located along Flagler Central Commerce Parkway for a purchase price of \$228,000. The City plans to use the land for the construction of the new City Administration and Police Department Complex.

**(15) Risks and Uncertainties – COVID-19:**

During the year ended September 30, 2021, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the City as of March 22, 2022, management believes that an impact on the entity's net position and results of future operations is reasonably possible.

**CITY OF BUNNELL, FLORIDA**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**LAST 10 FISCAL YEARS**  
**(UNAUDITED)**

	As of the Plan Year Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
<b>Florida Retirement System (FRS)</b>								
Proportion of the net pension liability	0.008761131%	0.008527139%	0.008105469%	0.005902651%	0.005736974%	0.006115975%	0.717755300%	0.008108986%
Proportionate share of the net pension liability	\$ 661,804	\$ 3,695,788	\$ 2,791,411	\$ 1,777,909	\$ 1,696,958	\$ 1,544,288	\$ 927,077	\$ 494,767
Covered payroll	2,497,792	2,308,323	2,724,119	1,706,317	1,676,346	1,669,149	2,046,001	2,349,609
Proportionate share of the net pension liability as a percentage of covered payroll	26.50%	160.11%	102.47%	104.20%	101.23%	92.52%	45.31%	21.06%
Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
<b>Health Insurance Subsidy Program (HIS)</b>								
Proportion of the net pension liability	0.007053978%	0.006649536%	0.008143556%	0.005223074%	0.005258092%	0.005855760%	0.006967227%	0.008068319%
Proportionate share of the net pension liability	\$ 865,276	\$ 811,898	\$ 911,182	\$ 552,816	\$ 562,219	\$ 682,465	\$ 710,548	\$ 754,408
Covered payroll	2,497,792	2,308,323	2,724,119	1,706,317	1,676,346	1,669,149	2,046,001	2,349,609
Proportionate share of the net pension liability as a percentage of covered payroll	34.64%	35.17%	33.45%	32.40%	33.54%	40.89%	34.73%	32.11%
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

\* GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

**CITY OF BUNNELL, FLORIDA  
SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS  
(UNAUDITED)**

	As of the Plan Year Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
<b>Florida Retirement System (FRS)</b>								
Contractually required contribution	\$ 351,949	\$ 283,319	\$ 251,328	\$ 168,221	\$ 149,348	\$ 167,167	\$ 190,099	\$ 205,334
Contributions in relation to the contractually required contribution	351,949	283,319	251,328	168,221	149,348	167,167	190,099	205,334
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,606,495	\$ 2,308,323	\$ 2,724,119	\$ 1,706,317	\$ 1,676,346	\$ 1,669,149	\$ 2,046,001	\$ 2,349,609
Contributions as a percentage of covered payroll	13.50%	12.27%	9.23%	9.86%	8.91%	10.02%	9.29%	8.74%
<b>Health Insurance Subsidy Program (HIS)</b>								
Contractually required contribution	\$ 43,268	\$ 38,318	\$ 45,220	\$ 28,325	\$ 27,827	\$ 21,031	\$ 25,780	\$ 28,195
Contributions in relation to the contractually required contribution	43,268	38,318	45,220	28,325	27,827	21,031	25,780	28,195
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,606,495	\$ 2,308,323	\$ 2,724,119	\$ 1,706,317	\$ 1,676,346	\$ 1,669,149	\$ 2,046,001	\$ 2,349,609
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%	1.26%	1.20%

\* GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.



**CITY OF BUNNELL, FLORIDA**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**LAST 10 FISCAL YEARS**  
**(UNAUDITED)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 17,788	\$ 15,764	\$ 15,635	\$ 19,282
Interest	6,335	5,921	9,045	8,520
Differences between expected and actual experience	(36,197)	(6,090)	(11,523)	-
Changes of assumptions	(29,351)	(25,235)	18,203	-
Benefit payments – implicit rate subsidy	(9,465)	(7,324)	(7,537)	(3,612)
Net change in total OPEB liability	(50,890)	(16,964)	23,823	24,190
Total OPEB liability – beginning	247,614	264,578	240,755	216,565
Total OPEB liability – ending	<u>\$ 196,724</u>	<u>\$ 247,614</u>	<u>\$ 264,578</u>	<u>\$ 240,755</u>
 Covered payroll	 \$ 1,925,743	 \$ 1,420,597	 \$ 1,461,205	 \$ 1,791,159
Total OPEB liability as a percentage of covered payroll	10.22%	17.43%	18.11%	13.44%
 Measurement date	 09/30/2021	 09/30/2020	 09/30/2019	 09/30/2018
Actuarial valuation date	10/01/2020	10/01/2019	10/01/2018	10/01/2017

*Changes of assumptions:*

Changes of assumptions reflect the effects of changes in the discount rate each period. To the right are the discount rates used in each period

2.43%	2.14%	3.58%	3.64%
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The monthly implied subsidy at age 62 for the 2020/21 fiscal year for the retiree and his spouse was decreased from \$508.25 and \$454.75, respectively, to \$450.00 and \$425.00, respectively.

*Benefit Payments:*

The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2021. Expected net benefit payments produced by the valuation model for the same period are shown in the table above

\* GASB 75 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor, City Commission, and City Manager,  
City of Bunnell, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Bunnell, Florida (the City) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 22, 2022.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests

disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Daytona Beach, Florida  
March 22, 2022

**CITY OF BUNNELL, FLORIDA  
SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

<b>State Agency / Pass-Through Entity / State Program</b>	<b>CSFA Number</b>	<b>Contract / Grant Number</b>	<b>Expenditures</b>
<b>STATE AGENCY</b>			
<b><u>Florida Department of Economic Opportunity</u></b>			
Direct			
Growth Management Implementation - Commerce Parkway	40.024	P0395	\$ 39,150
<b>Total Florida Department of Economic Opportunity</b>			<u>39,150</u>
<b><u>Florida Department of Environmental Protection</u></b>			
Direct			
Wastewater Treatment Facility Construction - Loan	37.077	WW180510	199,591
Wastewater Treatment Facility Construction - Grant	37.077	WW180510	798,364
<b>Total Florida Department of Environmental Protection</b>			<u>997,955</u>
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>			<u><u>\$ 1,037,105</u></u>

The accompanying notes to the schedule of expenditures of state financial assistance are a integral part of this schedule.

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF**  
**STATE FINANCIAL ASSISTANCE**  
**SEPTEMBER 30, 2021**

**(1) Basis of Presentation:**

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of City of Bunnell, Florida (the City), and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Section 215.97, Florida Statutes, and Chapter 10.550, Rules of the Auditor General. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in fund balance of the City.

**(2) Summary of Significant Accounting Policies:**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) or the cost principles contained in Section 215, Florida Statutes wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

No amounts were passed through to subrecipients during the year ended September 30, 2021.

**(3) De Minimis Indirect Cost Rate Election:**

The Authority does not elect to use the 10% de minimis indirect cost rate as covered in §200.414, *Indirect (F&A) Costs*, of the Uniform Guidance.

**CITY OF BUNNELL, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**I. Summary of Auditors' Results:**

***Financial Statements:***

Type of audit report issued on the financial statements:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	<u>  X  </u> no
Significant deficiency(ies) identified?	_____ yes	<u>  X  </u> none reported
Noncompliance material to financial statements noted?	_____ yes	<u>  X  </u> no

***State Projects:***

Internal control over major State projects:		
Material weakness(es) identified?	_____ yes	<u>  X  </u> no
Significant deficiency(ies) identified?	_____ yes	<u>  X  </u> none reported
Type of auditor's report issued on compliance for major State projects:		<i>Unmodified</i>
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.557, Rules of the Auditor General?	_____ yes	<u>  X  </u> none reported
Dollar threshold used to distinguish between type A and type B programs:		<u>\$311,132</u>
Identification of major State projects:		

CSFA Number	Project Name
37.077	Wastewater Treatment Facility Construction

- II. **Financial Statement Findings:** None.
- III. **State Financial Assistance Projects Findings and Questioned Costs:** None.
- IV. **Summary Schedule of Prior Audit Findings:**
- 2020-001 Reconciliation of Account Balances – Corrective action taken
- V. **Corrective Action Plan:** Not applicable as no current year findings have been reported.
- VI. **Management Letter:** No management letter pursuant to Sections 215.97(9)(f) and 215.97(10)(d), Florida Statutes is required since there are no items related to state financial assistance required to be reported in the management letter, not already reported in this schedule.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY CHAPTER 10.650, RULES OF THE  
AUDITOR GENERAL**

To the Honorable Mayor, City Commission, and City Manager,  
City of Bunnell, Florida:

**Report on Compliance for Each Major State Project**

We have audited the City of Bunnell, Florida's (the City) compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major state projects for the year ended September 30, 2021. The City's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the State statutes, regulations, and the terms and conditions of its state projects applicable to its state projects.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.650, Rules of the Florida Auditor General. Those standards and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major State Project***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2021.



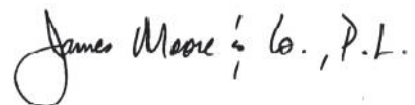
## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses, or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Daytona Beach, Florida  
March 22, 2022

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED  
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA  
OFFICE OF THE AUDITOR GENERAL**

To the Honorable Mayor, City Commission, and City Manager,  
City of Bunnell, Florida:

**Report on the Financial Statements**

We have audited the financial statements of City of Bunnell, Florida (the City) as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 22, 2022.

**Auditors' Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, Rules of the Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Examination Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 22, 2022, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The following summarizes the status of prior year findings and recommendations:

**2020-001 Reconciliation of Account Balances – Corrective action taken**

**Official Title and Legal Authority**

Section 10.554 (1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority for the primary government of the reporting entity is disclosed in Note (1) of the basic financial statements.

## **Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we noted the following recommendations:

**2021-001 Impact Fee Accounting:** At year-end, the City's water and sewer impact fees were not recorded in a separate fund. In late fiscal year 2021, the State of Florida adopted a bill modifying Section 163.31801 (4b), Florida Statutes, which require impact fees to be recorded in a separate accounting fund. We recommend the City transition its impact fees to a separate fund in fiscal year 2022 and in the fiscal year 2023 budget process.

## **Special District Component Units**

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

## **Specific Special District Information – Bunnell Community Redevelopment Agency**

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the District reported the following unaudited data:

- a) The total number of district employees compensated in the last pay period of the district's fiscal year: -0-.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year: -0-.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$ -0-.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$ -0-.

- e) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:
  - a. No such projects noted
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows: there were no amendments between the original and final total district expenditure budget.

### **Additional Matters**

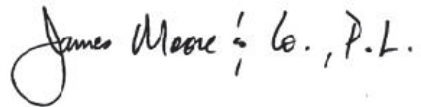
Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

### **City's Response to Recommendations**

The City's responses to the recommendations identified in our audit are described in the management's response as listed in the table of contents. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and State granting agencies, the City Commission, management, and others within the City and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Moore, Jr., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida  
March 22, 2022

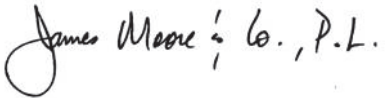
## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor, City Commission, and City Manager,  
City of Bunnell, Florida:

We have examined the City of Bunnell, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the City of Bunnell, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.



Daytona Beach, Florida  
March 22, 2022